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**CENTERS • OF
EXCELLENCE**

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Utah!

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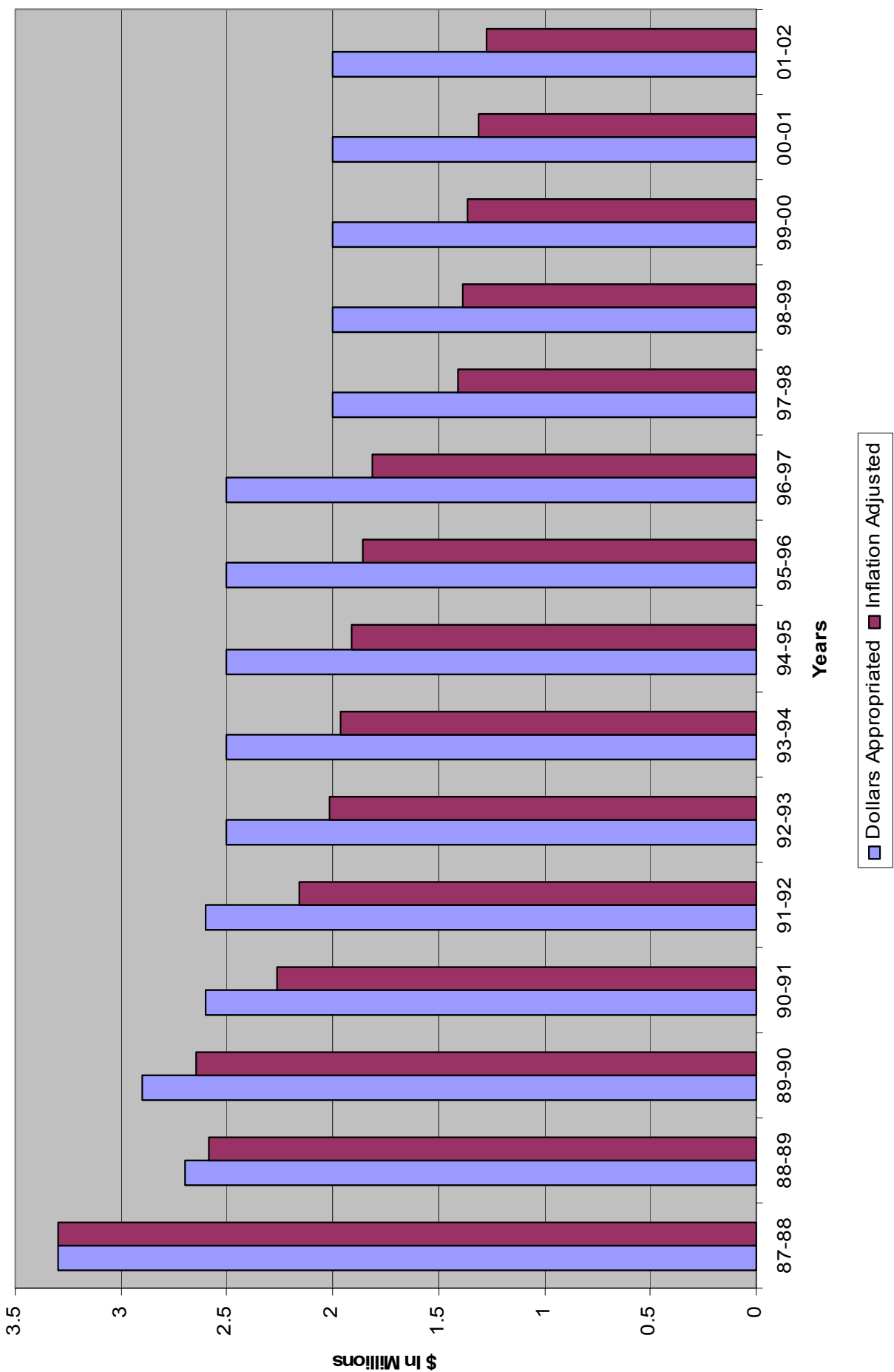
2001-2002 Centers of Excellence Annual Report

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Executive Summary

Centers of Excellence Funding History



Executive Summary

Utah enjoys a rich and diverse legacy of technical innovation, ranging from the invention of television (by Philo Farnsworth, in 1927) to innumerable advances in the fields of computing and medicine during more recent decades. Unfortunately, many of these inventions went on to be commercialized elsewhere, robbing the state of the jobs, revenues and respect that it was rightfully due. The Utah State Legislature established the Centers of Excellence Program (COEP) in 1986 as part of a strategy to improve on that record. They approved the annual allocation of economic development funds, to be awarded to university faculty members on a competitive basis through the COEP, specifically to fund what federal grants from agencies like the National Science Foundation do not support: Highly targeted, market-driven projects that perform the applied research, prototype development and business planning necessary to successfully commercialize promising technical innovations here in Utah.

COEP projects require a 2:1 match with non-state funds, and are subject to an annual competitive renewal for up to five years of support. Over time, an Advisory Council composed of veteran technology executives has been formed to assist in reviewing and choosing the projects to be funded, and a requirement has been added that Centers work with independent, pre-approved Commercialization Consultants to insure that projects remain commercially focused. As a result of this disciplined structure, the Utah Centers of Excellence Program continues to be one of the nations most successful technology commercialization programs as measured by matching dollars, new companies, new products, and state economic impact. During the last year, the program director has been interviewed by representatives of agencies hailing from Rhode Island to Romania.

During the 2001-2002 fiscal year the Centers Program issued \$1.87 million in grants to 16 active Centers for use in bringing significant new technologies closer to the marketplace. In the competitive selection process, three centers were graduated, 13 centers received continued funding and 3 new centers were selected. The Center distribution was as follows: nine at the University of Utah (\$1,090,000), three at Utah State University (\$330,000), three at Brigham Young University (\$380,000), and one at Weber State University (\$68,000). In addition, the program also funded two Planning Grants and the commercialization consulting effort, at a level of \$7,000 per funded Center, for a total of \$2.0 million.

The 16 Centers received matching funds of \$20.5 million, resulting in a matching fund ratio of 11:1, and (despite the recession) spun out eight new Utah companies. Over the first 16 years of the program, the Centers of Excellence have generated 179 patents, resulting in 204 license agreements, and 150 Utah-based companies have been created to license and market proprietary technology from the program. As of the last audit (2001), those companies directly employed over 1300 persons in the state, at an average wage of \$68,000. With some earlier graduates of the program (Myriad Genetics, Inc. and Sonic Innovations, Inc., for example) just beginning to mature as significant, publicly held companies and scores of others developing and growing, it is clear that the entrepreneurial pipeline laid by the COEP will have an ever expanding and progressively more important role to play in Utah's economic future.